

## Glossary

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**ACCOUNTING SYSTEM** - The methods and records established to identify, assemble, analyze, classify, record, and report the state's transactions and to maintain accountability for its assets and liabilities.

**ADA** - An acronym for the Americans with Disabilities Act of 1990.

**AGENCY** - Every state agency, office, division, board, commission, department, state institution, or state institution of higher education, which includes all state universities, regional universities, The Evergreen State College, and community and technical colleges.

**AMENDMENT** – A formal modification or change of a material term, such as the term, cost, or scope of work, in one or more provisions of an existing contract.

**APPROPRIATION** - A legislative authorization for an agency to make expenditures and incur obligations for specific purposes from designated resources available or estimated to be available during a specified time period.

**AUDITING** – The independent examination of an entity's records or actions to evaluate compliance with financial, legal, contractual, or policy requirements.

**BREACH OF CONTRACT** – Failure, without legal reason, to comply with the terms of the contract.

**CLIENT SERVICES** - Services provided directly to agency clients including, but not limited to, medical and dental services, employment and training programs, residential care, and subsidized housing (RCW 39.29.006(2)).

**CONTRACT** – A legally binding agreement between the state and another entity, public or private, for the provision of goods or services. This includes agreements and memos of understanding.

**CONTRACT MANAGEMENT** - any activity related to contracting for client services, including the decision to contract, contractor screening, contractor selection, contract preparation, contract monitoring, auditing, and post contract follow up.

**CONTRACT MANAGER** – A person designated by the responsible state agency or department to manage performance of the contract.

**CONTRACT MONITORING** - any planned, ongoing, or periodic activity that measures and ensures contractor compliance with the terms, conditions, and requirements of a contract. The level of monitoring should be based on a risk assessment of the contract role in delivering client services and the contractor's ability to deliver under the terms of the contract.

**CORRECTIVE ACTION** - Action taken by the contractor that corrects identified deficiencies, produces recommended improvements, or demonstrates that deficiencies or findings are either invalid or do not warrant action.

**DEBARMENT** – Under federal contracting law, a process in which a contractor is precluded from bidding on or entering into contracts with the federal government. Federal rules also prohibit federal contractors from contracting with debarred businesses.

**DEFAULT** – Failure to perform an obligation under a contract.

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)** – These are the uniform minimum standards for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board.

**GENERALLY ACCEPTED AUDITING STANDARDS (GAAS)** – These are the standards established by the AICPA for the conduct and reporting of financial audits. There are ten basic GAAS, classed into three broad categories: general standards, standards of fieldwork and standards of reporting. The GAAS set forth the objectives of the audit and establish measures that can be applied to judge the quality of its performance.

**GRANTS** - A contribution or gift of cash or other assets by one governmental unit to another entity. The contribution is to be used or expended for a specific purpose, activity, or facility.

**HEARING** – A formal proceeding, customarily public, in which evidence is presented and issues of fact or law are adjudicated.

**INDEPENDENT CONTRACTOR** – A person working for an entity under contract and not an employee of the contracting entity. The contracting entity does not pay unemployment, disability, or workers' compensation insurance or withhold taxes from payments to the person.

**INTERLOCAL/INTERGOVERNMENTAL AGREEMENTS** - Contracts between any agency, political subdivision, or unit of local government of this state including, but not limited to, municipal corporations, quasi municipal corporations, special purpose districts, and local service districts; any agency of the state government; any agency of the United States; any Indian tribe recognized as such by the federal government; and any political subdivision of another state.

**INTERNAL AUDIT** - An independent appraisal activity of the diverse operations and controls within a government entity to determine whether prescribed policies and procedures are followed, established standards are met, resources are used efficiently and economically, and the organization's objectives are being achieved.

**INTERNAL CONTROL** - A management process for keeping an entity (agency, board, commission, department, division, institution, or program) on course in achieving its organizational objectives. A management control system, including comprehensive internal controls, should provide reasonable assurance that entity objectives are being met.

**MONITORING** – see Contract Monitoring

**PERSONAL SERVICES** - Professional or technical services provided by a consultant to accomplish a specific study, project, task, or other work statement.

**PROCUREMENT** - The method used to select contractors for award and includes both competitive and noncompetitive methods.

**PURCHASED SERVICES** - Services provided by a vendor to accomplish routine, continuing and necessary functions.

**RISK ASSESSMENT** - The process of evaluating exposure to harm or loss that could arise from some activity associated with the client service contract. It consists of identifying and classifying risks based on certain characteristics, measuring and evaluating the consequences of these risks, and prioritizing the risks.

**SAAM** – State Accounting and Administrative Manual, published by OFM  
<http://www.ofm.wa.gov/policy/saamintro.htm>.

**SINGLE AUDIT** – A financial, internal control, and compliance audit of a nonfederal entity administering federal assistance awards including the financial statements of the entity.

**SUBRECIPIENT** - A non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program. It also excludes vendors that receive federal funds in exchange for goods and/or services in the course of normal trade or commerce.

**TECHNICAL ASSISTANCE** - Providing information to contractors with the goal of increasing competence or capacity in a particular area or to reduce the probability of a performance error. Technical assistance should be ongoing and proactive, but does not mean the state agency is responsible for teaching a contractor how to operate as a business. Inherent in entering into a contract is the assumption that the contractor is competent and capable of performing all of the duties specified in the contract.

**VENDOR** - A dealer, distributor merchant, or other seller providing goods or services that are required for the conduct of a federal program.